

MEMORANDUM

Date: July 14, 2010

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 10-19 Approving Determination of Animo Leadership Charter High School's Financial Soundness for Purposes of a Final Apportionment under the Charter School Facilities Program

Consideration of Resolution No. 10-19, approving that Animo Leadership High School (Animo Leadership) has maintained a financially sound status for purposes of a Final Apportionment under the Proposition 1D funding round of the Charter School Facilities Program (Program).

Background:

At its March 23, 2010 board meeting, the California School Finance Authority (Authority) found Animo Leadership Charter High School with Green Dot Public Schools as co-borrower/guarantor financially sound for a preliminary and advance apportionment, but not for final apportionment, under Proposition 1D (2009-10 Funding Round) in the amount of \$15,628,994. This amount has since been revised to \$9,830,376. The preliminary apportionment was intended to supplement the CSFP award that Animo Leadership received under Proposition 47 in the amount of \$10,023,014 (adjusted to \$18,747,078 as of the March 23, 2010 board meeting).

Recent Request for Final Apportionment:

Animo Leadership has recently applied for release of funds for final apportionment in the amount of \$9,830,376. Animo Leadership operates as an independent charter school developed and managed by Green Dot Public Schools (Green Dot), an education management organization and non-profit corporation. Given that it has been less than six months since the Authority's findings regarding the financial soundness for preliminary apportionment and that no material financial or operational changes have occurred since then relative to Green Dot Public Schools and Animo Leadership, staff is recommending that Animo Leadership, with Green Dot as the co-borrower/guarantor, be found financially sound for advance and final apportionment.

Below are the highlights from the Staff Report presented at the March 23, 2010 Board meeting. Please note that projected debt service coverage has been recalculated with the revised project costs from OPSC.

Criteria	Comments
Eligibility Criteria	Animo Leadership met all eligibility criteria. The school has been open since September 2000, meeting the Program's requirement for two years of charter school experience in California. Animo Leadership's current charter will expire in June 2014.
Demographic Information	Animo Leadership serves 9 th through 12 th grade students in Los Angeles. Currently at 590 students in 2009-10, Animo Leadership's enrollment is not expected to grow as a result of CSFP facilities occupation
Debt Service Coverage	Debt service coverage from school revenues is projected to be 143.0% and 149.4% in 2013-14 and 2014-15, respectively, assuming subordination of the school's management fee to Green Dot.
Other Financial Factors	<ol style="list-style-type: none"> 1. Lease as % of projected revenues: average 17.4% for 2013-14 and 2014-15, above staff's preferred 15% threshold. 2. Projected contributions are on average 2.1% of revenues from 2013-14 and 2014-15. 3. CSFP lease would be supported by Green Dot, as EMO and co-borrower.
Student Performance	Animo Leadership did not meet all AYP criteria in 2008-09 but did meet the criteria in the prior three years. The school has missed its schoolwide API growth targets in the past two years, after meeting the targets in both 2005-06 and 2006-07. The school's API similar schools ranking has been 10 (out of 10) for the last two years; its statewide schools ranking was 6 and 5 in 2007-08 and 2008-09, respectively.

Recommendation:

Staff recommends that the California School Finance Authority Board determine that Animo Leadership is financially sound for the purposes of the Charter School Facilities Program Final Apportionment, and approve Resolution 10-20. Staff recommends that the Authority Board direct staff to notify the Office of Public School Construction regarding this determination.